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Steve Wene, No. 019630
MOYES SELLERS & SIMS LTD.
1850 N. Central Avenue, Suite 1100
Phoenix, Arizona 85004
(602)-604-2189
swene@lawms.com
Attorney for Southland Utilities Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission
DOCKETED

AUG 12 2010



**IN THE MATTER OF THE APPLICATION
OF SOUTHLAND UTILITIES COMPANY,
INC. FOR AUTHORITY TO INCUR LONG-
TERM DEBT**

AND

**IN THE MATTER OF THE APPLICATION
OF SOUTHLAND UTILITIES COMPANY,
INC. FOR A RATE INCREASE.**

DOCKET NO. W-02062A-09-0466
DOCKET NO. W-02062A-09-0515

**NOTICE OF FILING REBUTTAL
TESTIMONY OF SONN S.
ROWELL AND APPLICATION
FOR BACKFLOW TARIFF**

Southland Utilities Company, Inc. ("Company") hereby gives notice that it is
filing the rebuttal testimony of the following witness:

- Sonn Rowell (*see* Attachment 1).

In addition, the Company is submitting its application for a backflow tariff submitted to
the Arizona Corporation Commission on July 21, 2010. *See* Attachment 2.

1 RESPECTFULLY SUBMITTED this 12th day of August, 2010.

2 **MOYES SELLERS & SIMS LTD.**

3
4 

5 Steve Wene

6 Attorney for Southland Utilities Company, Inc.

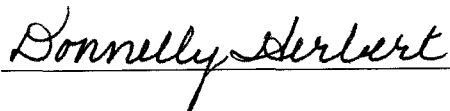
7
8 Original and 15 copies of the foregoing
9 filed this 12th day of August, 2010, with:

10 Docket Control
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

14 Copy of the foregoing mailed this
15 12th day of August, 2010, to:

16 Robin Mitchell, Attorney
17 Legal Division
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, Arizona 85007

21 Steven M. Olea, Director
22 Utilities Division
23 Arizona Corporation Commission
24 1200 West Washington Street
25 Phoenix, Arizona 85007

26
27 
28

ATTACHMENT 1

1
2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3
4 **COMMISSIONERS**

5 KRISTIN K. MAYES, CHAIRMAN

6 GARY PIERCE

7 PAUL NEWMAN

8 SANDRA D. KENNEDY

9 BOB STUMP

10 **IN THE MATTER OF THE APPLICATION**
11 **OF SOUTHLAND UTILITIES COMPANY,**
12 **INC. FOR AUTHORITY TO INCUR LONG-**
13 **TERM DEBT.**

14 **IN THE MATTER OF THE APPLICATION**
15 **OF SOUTHLAND UTILITIES COMPANY,**
16 **INC. FOR A RATE INCREASE.**

DOCKET NO. W-02062A-09-0466
DOCKET NO. W-02062A-09-0515

REBUTTAL TESTIMONY OF
SONN S. ROWELL

17 **Q-1 Please state your name and current employment position.**

18 **A-1** My name is Sonn S. Rowell, and I am a Certified Public Accountant and
19 managing member of Desert Mountain Analytical Services, PLLC.
20

21 **Q-2 Describe your educational and professional background.**

22 **A-2** I have a Bachelor of Science Degree in Accounting from Arizona State University,
23 as well as my CPA certification from the Arizona State Board of Accountancy. I have
24 worked for many years in the practice of public accounting, and have held part-time
25 teaching positions at Mesa Community College. After employment with the Utilities
26 Division of the Arizona Corporation Commission for four years, I started DMAS and
27 now specialize in regulatory accounting and consulting.
28

1 **Q-3 By whom are you employed and in what capacity?**

2 **A-3** I have been retained by Southland Utilities Company, Inc. ("Southland" or
3
4 "Company") management, Southwestern Utility Management, Inc., to perform a financial
5 analysis of their books and records in order to prepare a rate application for submittal to
6 the Arizona Corporation Commission ("Commission") to comply with Commission
7 orders.
8

9 **Q-4 What is the purpose of your testimony?**

10 **A-4** The purpose of my testimony is to present my analysis and recommendations
11 concerning the development of the Company's gross revenue requirement, taking into
12 account adjusted rate base, adjusted operating income, working capital requirements, the
13 current rate of return for the historic twelve month period, required operating income, the
14 proposed rate of return, respond to Commission Staff positions, and other related tasks. I
15 will also sponsor certain exhibits in support of the rate application as well as the Rebuttal
16 Schedules set forth in Exhibit 1, which I hereby incorporate as part of my testimony. *See*
17 Exhibit 1, Schedules A – H.
18
19
20

21 **Q-4 Please summarize the Company revised revenue increase from its amended**
22 **application.**

23 **A-5** Southland is now requesting an increase in gross revenue of \$198,169 (141.13%),
24 in monthly rates to become effective upon approval, along with Staff's proposed
25 surcharge revenue of \$84,596 (60.25%), for a total increase of \$282,765 (201.38%) upon
26 completion of the WIFA loan draws. This represents a decrease of \$75,307 in the
27 amount the Company requested in the amended application.
28

1 **Q-6 Does the Company agree with most of Staff's recommendations?**

2 **A-6** Yes. As will be detailed in this testimony, the Company has adopted many of
3
4 Staff's recommended adjustments.

5 **Q-7 Beginning with rate base, please explain the areas where Staff and the**
6 **Company agree.**

7 **A-7** As reflected on Rebuttal Schedule B-2, Southland has adopted Staff rate base
8 adjustments 1, 2, and 5 to Utility Plant in Service. We have also adopted Staff
9 adjustments 2 and 5 to Accumulated Depreciation based on the above changes to plant in
10 service, as well as Staff adjustment 2 to Contributions in Aid of Construction ("CIAC")
11 and the associated accumulated amortization. In addition, the Company has adopted
12 Staff adjustment 3 to rate base which reclassifies plant from one account to another, and
13
14 adjustment 4 that removes the proposed WIFA plant to be built and the plant held for
15
16 future use from rate base.

17 **Q-8 So Staff and the Company agree on rate base amounts for plant in service,**
18 **accumulated depreciation, advances in aid of construction, CIAC, accumulated**
19 **amortization of CIAC, and the removal of plant not in service?**

20 **A-8** Yes. Staff proposes rate base of \$417,978, and Southland proposes rate base of
21 \$440,294; the \$22,316 difference attributed to the different amounts of working capital
22 allowance.
23

24 **Q-9 Does the Company agree with Staff's recommendation to disallow the**
25 **working capital allowance?**

26 **A-9** No. Working capital should be allowed for Class C utilities.

27 **Q-10 Please review the income statement adjustments as reflected on Rebuttal**
28 **Schedule C-1, and the similarities and differences in operating expenses between**
Staff and the Company.

1
2 **A-10** Here again, Staff and the Company agree on many final amounts as a result of the
3 adoption of many of Staff's recommended adjustments. In fact, although there are three
4 specific expense accounts where the amounts are different, there is only one significant
5 difference of opinion.
6

7 **Q-11 Please explain where the positions held by the Company and Staff differ?**

8 **A-11** We differ in amounts for property tax, income tax, and water testing. However,
9 proposed property tax and income taxes are driven by the proposed revenue and taxable
10 income. As a result, the Company's higher proposed revenue and income calculate to
11 higher property taxes and income taxes. The differences between the Company and
12 Staff's expense amounts for taxes are reasonable based on the difference in proposed
13 revenue and the resulting operating income. The Company calculated amounts for
14 proposed property taxes and income taxes are detailed on Rebuttal Schedules C-2a, C-2b,
15 and C-2c.
16
17
18

19 **Q-12 So the primary point of disagreement regarding operating expenses is water**
20 **testing?**

21 **A-12** Yes. The water testing expenses by the Company represent actual costs incurred
22 during the test year and are reasonable and prudent expenditures, which should not be
23 reduced as proposed by Staff.
24

25 **Q-13 Please discuss the proposed WIFA loan, interest, payment amounts, and**
26 **Staff's proposed methods to ensure Southland is able to meet its monthly**
27 **obligations.**

28 **A-13** Staff agrees with Southland's proposed WIFA loan amount of \$1,825,941 which
includes conversion of a short term loan of \$494,622 to a long term loan, and additional

1 borrowing of \$1,331,319 for system improvements and upgrades. Staff recommends
2 revenue necessary to recover debt service amounts in two ways, partially through its
3 proposed monthly rates, and partially through a surcharge that will become effective at
4 some point in the future. Staff states \$780,000 of the total WIFA loan, which would
5 require annual payments of \$63,072 (\$40,410 interest) can be satisfied under its proposed
6 rates. The \$1,045,941 balance of the loan would require an additional \$84,576 per year
7 for debt service payments (\$54,188 interest), which Staff recommends recovering
8 through a monthly surcharge.
9

10
11 **Q-14 Does Southland agree with Staff that its proposed base revenue requirement**
12 **will provide enough revenue to undertake payments on a \$780,000 WIFA loan?**

13
14 **A-14** No. The Company has calculated a revenue requirement that is more feasible to
15 undertake that portion of the WIFA loan. *See* Exhibit 1, Schedule C-1. Southland has
16 not changed the amount of the WIFA loan that can be attributed to the new base rates or
17 the surcharge, the amount of revenue necessary to service a \$780,000 in the proposed
18 revenue requirement has been increased.
19

20 **Q-15 Do you agree with the amounts of Staff's recommended surcharge amounts**
21 **for the WIFA loan?**

22 **A-15** If recovery for \$780,000 is satisfactorily provided in the new revenue requirement,
23 then yes, Staff's surcharge amounts will provide enough revenue to support a WIFA loan
24 of \$1,045,941, requiring annual payments of \$84,576. If, however, the new rates do not
25 provide for the necessary revenue to support the \$780,000 portion of the WIFA loan, the
26 surcharge amount must be increased to ensure Southland is able to meet its monthly
27 obligations.
28

1 **Q-16 It sounds like the main issue between the Company and Staff is the amount of**
2 **revenue necessary to cover operating expenses, service the proposed WIFA debt,**
3 **and have room for contingencies on an old water system?**

4 **A-16** Yes. Staff is recommending an operating income of \$41,798. Once the interest
5 expense of \$40,475 on the \$780,000 portion of the WIFA loan is subtracted from that,
6 Southland will be left with net income of *just over \$1,300*.

7
8 **Q-17 Does Southland think that is reasonable?**

9 **A-17** No. In addition to all the other proven expenses on the income statement,
10 obtaining a WIFA loan will result in fees to them as well as debt service reserve
11 payments. Recommending a small, struggling utility \$1,300 of net income is
12 unreasonable as it puts the company at extreme financial risk in the event of one even
13 moderately substantial problem. There is absolutely no margin for error.

14
15 **Q-18 Please discuss any rate design issues between the Staff and Southland.**

16
17 **A-18** The main difference between Staff's rate design and that of the Company in
18 rebuttal is the amount of the monthly minimum charges, and the use of four commodity
19 tiers for the 5/8 x 3/4 inch meter class.

20
21 **Q-19 Please begin with the monthly minimum charges.**

22 **A-19** Staff recommends much lower monthly minimum charges for all meter sizes than
23 those proposed by the Company. Southland's proposed rates result in 50% of the total
24 revenue requirement resulting from monthly minimum charges, and the other 50% of the
25 revenue requirement is generated from the commodity rates.

26
27 **Q-20 What is Southland's issue with Staff's use of four commodity tiers?**
28

1 **A-20** The use of three tiers for smaller meter sizes and two tiers for larger meter sizes
2 has become standard practice for Staff in the past few years for small water utilities. In
3 light of the administrative hassle and apparent subsidization of the small meter class by
4 the larger meter sizes, Southland cannot support a fourth commodity tier. Rebuttal
5 Schedule H-1 clearly demonstrates that the residential 5/8 by 3/4 inch meter customers are
6 already getting the lowest percentage increase, followed by the commercial 5/8 by 3/4 inch
7 customers. Therefore, use of a low fourth commodity tier would exacerbate this
8 subsidization.
9
10
11

12 **Q-21** Does this conclude your testimony?

13 **A-21** Yes.
14
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16
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EXHIBIT 1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule A-1
Title: Computation of Increase in Gross Revenue Requirements

Explanation:
Schedule showing computation of increase in gross revenue requirements and spread of revenue increase by customer classification.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Special Reqmt	<input type="checkbox"/>

	Original Cost		RCND
1. Adjusted Rate Base	\$ 440,294	(a)	(a)
2. Adjusted Operating Income	(63,779)	(b)	(b)
3. Current Rate of Return	0.00%		
4. Required Operating Income	\$ 44,029		
5. Required Rate of Return	10.00%		
6. Operating Income Deficiency (4 - 2)	\$ 107,808		
7. Gross Revenue Conversion Factor	1.3895	(c)	(c)
8. Increase in Gross Revenue Requirements (6 x 7)	\$ 149,800		

9. Proposed Revenue	\$ 338,580
10. Required Operating Margin	23.29%
11. Required Operating Income (9 x 10)	\$ 78,840
12. Operating Income Deficiency (11 - 2)	\$ 142,619
13. Gross Revenue Conversion Factor	1.3895
14. Increase in Gross Revenue Requirements (12 x 13)	\$ 198,169

Customer Classification	Adjusted Revenue at Present Rates	Revenue at Proposed Rates	Dollar Increase	Percent Increase	
Residential	\$ 125,605	\$ 304,626	\$ 179,021	142.53%	(d)
Commercial	10,108	29,256	19,148	189.43%	
Industrial	-	-	-	-	
Other	4,698	4,698	-	0.00%	
Total	\$ 140,411	\$ 338,580	\$ 198,169	141.13%	

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

(a) B-1 (c) C-3

(b) C-1 (d) H-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule A-2
Title: Summary Results of Operations

Explanation:
Schedule showing comparative operating results for
the test year and the 2 fiscal years ended prior to the
end of the test year, compared with the projected year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec Reqmt

X

Description	<u>Prior Years</u>		<u>Test Year</u>		<u>Projected Year</u>	
	Year End	Year End	Actual	Adjusted	Present	Proposed
	31-Dec-06	31-Dec-07	Rates	Rates	Rates	Rates
	(a)	(a)	(a)	(b)	(c)	(c)
1. Gross Revenues	\$ 143,769	\$ 143,460	\$ 140,666	\$ 140,411	\$ 140,411	\$ 338,580
2. Revenue Deductions & Operating Expenses	(127,504)	(149,397)	(167,530)	(204,190)	(204,190)	(259,740)
3. Operating Income	\$ 16,265	\$ (5,937)	\$ (26,864)	\$ (63,779)	\$ (63,779)	\$ 78,840
4. Other Income and Deductions	3,206	3,332	(15,707)	-	-	-
5. Interest Expense	(67)	(165)	(65)	(40,475)	(40,475)	(40,475)
6. Net Income	\$ 19,404	\$ (2,770)	\$ (42,636)	\$ (104,254)	\$ (104,254)	\$ 38,365
7. Earned Per Average Common Share*	\$ 48.51	\$ (6.93)	\$ (106.59)	\$ (260.63)		
8. Dividends Per Common Share*	-	-	-	-		
9. Payout Ratio*	0.00%	0.00%	0.00%	0.00%		
10. Return on Average Invested Capital	9.08%	-1.24%	-9.67%	-23.65%	-7.05%	2.60%
11. Return on Year End Capital	10.78%	-1.03%	-8.45%	-15.62%	-5.21%	1.92%
12. Return on Average Common Equity	11.33%	-1.99%	-28.24%	-69.05%	-91.80%	33.78%
13. Return on Year End Common Equity	20.43%	-1.51%	-24.67%	-60.33%	-60.11%	22.12%
14. Times Bond Interest Earned - Before Inc Tax	24007.46%	-1141.21%	-58789.91%	-217.95%	-217.95%	242.23%
15. Times Total Interest and Preferred Dividends Earned - After Income Taxes	-28861.19%	1778.79%	65694.53%	357.58%	357.58%	5.21%

Supporting Schedules:

*Optional for projected year

(a) E-2

(b) C-1

(c) F-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule A-4
Title: Construction Expenditures and
Gross Utility Plant in Service

Explanation:

Schedule showing construction expenditures, plant placed in service and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Year	Construction Expenditures (a)	Net Plant Placed In Service (b)	Gross Utility Plant In Service
1. Prior Year 1 - 2006	\$ 29,768	\$ 13,967	\$ 489,724
2. Prior Year 2 - 2007	89,689	(1,609)	488,115
3. Test Year - 2008	619,070	318,837	806,952
4. Projected Year 1	1,331,319	1,589,022	2,395,974
5. Projected *			
6. Projected *			

* Required only for Class A and B Utilities

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) F-3

(b) E-5

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule B-1
Title: Summary of Original Cost
and RCND

Explanation:
Schedule showing elements of adjusted original cost
and RCND rate bases.

Required for:	All Utilities	<input checked="checked" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

	<u>Original Cost</u> <u>Rate Base*</u>	<u>RCND</u> <u>Rate Base*</u>
1. Gross Utility Plant in Service	\$ 806,952	
2. Less: Accumulated Depreciation	<u>(379,845)</u>	
3. Net Utility Plant in Service	\$ 427,107 (a)	(b)
Less:		
4. Advances in Aid of Construction	\$ 3,182 (c)	(c)
5. Contributions in Aid of Construction	105,798	
6. Amortization of CIAC	<u>(99,602)</u>	
7. Net CIAC	\$ 6,196 (c)	(c)
Add:		
6. Allowance for Working Capital	<u>22,565 (d)</u>	(d)
7. Total Rate Base	<u><u>\$ 440,294 (e)</u></u>	(e)

* Including pro forma adjustments

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

- (a) B-2 (d) B-5
- (b) B-3
- (c) E-1

Recap Schedules:

- (e) A-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule B-2
Title: Original Cost Rate Base
Proforma Adjustments

Explanation:
Schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Speci Reqmt ☐

	Actual at End Of Test Year (a)	Pro forma Adjustment		Adjusted at End Of Test Year (b)
1. Gross Utility Plant in Service	\$ 780,091	\$ 26,861	1	\$ 806,952
2. Less: Accumulated Depreciation	(398,206)	18,361	2	(379,845)
3. Net Utility Plant in Service	\$ 381,885	\$ 26,861		\$ 427,107
Less:				
4. Advances in Aid of Construction	\$ 3,182	\$ -		\$ 3,182
5. Contributions in Aid of Construction	\$ 105,798	\$ (21,024)	3	\$ 84,774
6. Amortization of CIAC	(99,602)	21,024	4	(78,578)
7. Net CIAC	\$ 6,196	\$ -		\$ 6,196
Add:				
8. Allowance for Working Capital	\$ 22,501	\$ 64	5	\$ 22,565
9. WIFA Loan Construction WIP	1,331,319	(1,331,319)	6	-
10. Plant Held for Future Use	302,295	(302,295)	7	-
11. Total Rate Base	\$ 2,028,622	\$ (1,606,689)		\$ 440,294

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

- 1 Adopt Staff's Plant adjustments:
- | | | |
|------------------------------------|-----------|-----------------------|
| Increase value of new storage tank | \$ 45,222 | Schedule GWB-4 Adj #1 |
| Old storage tank retirement | (21,024) | Schedule GWB-4 Adj #2 |
| Old storage tank retirement | 2,663 | Schedule GWB-4 Adj #5 |
| Total Company Proforma Adj 1 | \$ 26,861 | |

Note: The Company has also accepted Staff Adjustment #3 on Schedule GWB-4, which reclassifies \$27,782 from Distribution Reservoirs to Storage Tanks, net effect zero to total.

- 2 Adopt Staff's Accumulated Depreciation adjustments:
- | | | |
|------------------------------|-----------|-----------------------|
| Old storage tank retirement | \$ 21,024 | Schedule GWB-4 Adj #2 |
| Old storage tank retirement | (2,663) | Schedule GWB-4 Adj #5 |
| Total Company Proforma Adj 2 | \$ 18,361 | |

- 3 Adjust CIAC for old storage tank retirement per Schedule GWB-4 Adj #2.
4 Adjust CIAC amortization for old storage tank retirement per Schedule GWB-4 Adj #2.
5 Adjust working capital allowance to adjusted expense amounts per Rebuttal Schedule B-5.
6 Adopt Staff adjustment to CWIP per Schedule GWB-4 Adj #4.
7 Adopt Staff adjustment to Plant Held for Future Use per Schedule GWB-4 Adj #4.

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule B-5
Title: Computation of Working
Capital

Explanation:
Schedule showing computation of working capital allowance.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Cash working capital	Amount	Total
Test Year adjusted purchased power expense	\$ 30,416	
Factor	<u>24</u>	
Purchased Power share of allowance		\$ 1,267
Test Year adjusted purchased water expense	\$ -	
Factor	<u>24</u>	
Purchased Water share of allowance		\$ -
Test Year Operation & Maintenance Expenses	\$ 168,386	
Factor	<u>8</u>	
Operation & Maintenance share of allowance		\$ 21,048
Materials and Supplies Inventories		\$ - (a)
Prepayments		<u>\$ 249 (a)</u>
Total Working Capital Allowance		<u>\$ 22,565 (b)</u>

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule C-1
Title: Adjusted Test Year Income Statement

Explanation:
Schedule showing statement of income for the test year,
including pro forma adjustments.

Required for: All Utilities

Class A

Class B

Class C

Class D

Speci Reqmt

X

Description	Actual for Test Year Ended (a) 31-Dec-08	Ref	Proforma Adjustments (b)	Test Year Results After Pro Forma Adjustments	Ref	Proposed Rate Increase	Adjusted Test Year With Rate Increase
Operating Revenues:							
461 Metered Water Revenue	\$ 135,713			\$ 135,713	J	\$ 198,169	\$ 333,882
474 Other Water Revenue	4,953	A	(255)	4,698			4,698
Total Operating Revenue	\$ 140,666		\$ (255)	\$ 140,411		\$ 198,169	\$ 338,580
Operating Expenses:							
601 Salaries & Wages	\$ -			\$ -			\$ -
610 Purchased Water	-			-			-
615 Purchased Power	28,895	L	1,521	30,416			30,416
618 Chemicals	-			-			-
620 Repairs & Maintenance	25,903			25,903			25,903
621 Office Supplies and Expense	13,079	M	(2,800)	10,279			10,279
630 Outside Services	60,194	B	51,361	111,555			111,555
635 Water Testing	6,087			6,087			6,087
641 Rental Expense	-			-			-
650 Transportation Expense	2,308			2,308			2,308
657 Insurance - General Liability	1,204			1,204			1,204
659 Insurance - Health and Life	-			-			-
666 Rate Case Expense	-	C	8,333	8,333			8,333
675 Miscellaneous Expense	2,717			2,717			2,717
403 Depreciation & Amortization	15,153	D	15,459	30,612			30,612
408 Property Taxes	7,632	N	(67)	7,565	N	3,559	11,123
408.11 Taxes Other Than Income	-			-			-
409 Income Taxes	\$ 4,358	E	(37,148)	(32,790)	K	51,991	19,202
Total Operating Expenses	\$ 167,530		\$ 36,659	\$ 204,190		\$ 55,550	\$ 259,740
OPERATING INCOME/(LOSS)	\$ (26,864)		\$ (36,914)	\$ (63,779)	(c)	\$ 142,619	\$ 78,840
Other Income/(Expense):							
419 Interest Income	\$ 2,285	F	(2,285)	\$ -			\$ -
421 Non-Utility Income	12,685	G	(12,685)	-			-
426 Miscellaneous Non-Utility Expenses	(30,677)	H	30,677	-			-
427 Interest Expense	(65)	I	(40,410)	(40,475)			(40,475)
Total Other Income/(Expense)	\$ (15,772)		\$ (24,703)	\$ (40,475)		\$ -	\$ (40,475)
NET INCOME/(LOSS)	\$ (42,636)		\$ (61,617)	\$ (104,254)		\$ 142,619	\$ 38,365

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-2 (b) C-2

Recap Schedules:
(c) A-1

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec Reqmt	<input type="checkbox"/>

Explanation:
Schedule itemizing pro forma adjustments to the test year income statement.

Description	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Total (a) Adjustments
Revenues:															
Metered Water Revenue										\$ 198,169					\$ 198,169
Other Water Revenue	\$ (255)														(255)
Expenses:															
Purchased Power												\$ 1,521			\$ 1,521
Office Supplies and expense		\$ 51,361													(2,800)
Outside Services			\$ 8,333										\$ (2,800)		51,361
Rate Case Expense					\$ 15,459										8,333
Depreciation & Amortization															15,459
Property Taxes														\$ 3,491	3,491
Income Taxes					\$ (37,148)						\$ 51,991				14,844
Other Income/(Expense)						\$ (2,285)									\$ (2,285)
Interest Income							\$ (12,685)								(12,685)
Non-Utility Income								\$ 30,677							30,677
Miscellaneous Non-Utility Expenses									\$ (40,410)						(40,410)
Interest Expense															

Adjustment Descriptions:

- A - Decrease Other Water Revenue to remove non-recurring credit balance in Bad Debt Expense.
- B - Increase Outside Services to remove expenses prior to management agreement, include full year of mgmt fees for Southwestern Utility Management, Inc., and adopt Staff Adj #3 per Schedule GWB-11.
- C - Increase Rate Case Expense to include \$25,000 in estimated expenses amortized over three years.
- D - Adjust depreciation to adopt Staff proposed depreciation expense as recommended per Schedule GWB-11, Column H, Line 20.
- E - Decrease Test Year income taxes based on Schedule C-2a calculations.
- F - Remove non-recurring interest income.
- G - Remove non-recurring Non-Utility Income related to fire at storage trailer, which was the office prior to the management agreement.
- H - Write off Note Receivable from Sanitation, uncollectable, non-recurring expense.
- I - Increase interest expense to include proforma adjustment for interest on \$780,000 of proposed WIFA loan based on estimated terms.
- J - Increase Revenue per calculations on Schedule A-1
- K - Increase proposed year income taxes based on Schedule C-2b calculations.
- L - Adopt Staff Adjustment #2 per Schedule GWB-11.
- M - Adopt Staff Adjustment #3 per Schedule GWB-11.
- N - Adjust property tax expense for adjusted test year and proposed revenue based on ADOR formula as calculated per Schedule C-2c.

Note: All pro forma adjustments should be adequately explained on this schedule or on attachments thereto.

Supporting Schedules:

C-2a through C-2c

Recap Schedules:

(a) C-1

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule C-2a
Title: Income Statement Proforma
Adjustments

**CALCULATION OF OPERATING INCOME ADJUSTMENT E
TO TEST YEAR INCOME TAX EXPENSE**

STATE INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	(96,568)	
Less:			
Staff's Synchronized Interest		17,973	
Arizona Taxable Income	\$	(114,541)	
Arizona Income Tax Rate		6.9680%	
Arizona Income Tax Expense	\$	(7,981)	

FEDERAL INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	(96,568)	
Less:			
Arizona Income Tax	\$	(7,981)	
Staff's Synchronized Interest		17,973	
Federal Taxable Income	\$	(106,560)	
Federal Tax on 1st Income Range (\$1 - \$50,000) @ 15%	\$	(7,500)	
Federal Tax on 2nd Income Range (\$50,001 - \$75,000) @ 25%		(6,250)	
Federal Tax on 3rd Income Range (\$75,001 - \$100,000) @ 34%		(8,500)	
Federal Tax on 4th Income Range (\$100,001 - \$335,000) @ 39%		(2,558)	
Federal Income Tax Expense	\$	(24,808)	
Adjusted Test Year Federal and AZ Income Tax Expense	\$	(32,790)	
Recorded Test Year Income Tax Expense		4,358	
Total Adjustment E to Test Year Income Tax Expense	\$	(37,148)	

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule C-2b
Title: Income Statement Proforma
Adjustments

**CALCULATION OF OPERATING INCOME ADJUSTMENT K
TO PROPOSED INCOME TAX EXPENSE**

Revenue	\$	338,580		
Operating Expenses Excluding Income Tax		(240,538)		
Staff's Synchronized Interest		(17,973)		
Arizona Taxable Income			\$	80,069
Arizona Income Tax Rate				6.9680%
Arizona Income Tax Expense			\$	5,579
Federal Taxable Income			\$	74,490
Federal Tax on 1st Income Range (\$1 - \$50,000) @ 15%	\$	50,000	\$	7,500
Federal Tax on 2nd Income Range (\$50,001 - \$75,000) @ 25%		25,000		6,122
Federal Tax on 3rd Income Range (\$75,001 - \$100,000) @ 34%				
Federal Tax on 4th Income Range (\$100,001 - \$335,000) @ 39%				
Federal Tax on 5th Income Range (\$335,001 - \$10M) @ 34%				
Total Federal Income Tax Expense				13,622
Combined Federal and State Income Tax Expense	\$		\$	19,202
Adjusted Test Year Income Tax Expense				(32,790)
Adjustment K to Proposed Income Tax Expense	\$		\$	51,991
Effective Tax Rate				19.27%
Required Operating Income	\$	78,840		
Adjusted Test Year Operating Income/(Loss)		(63,779)		
Proposed Increase In Operating Income			\$	142,619
Income Taxes On Proposed Revenue	\$	19,202		
Income Taxes On Test Year Revenue		(32,790)		
Proposed Revenue Increase For Income Taxes			\$	51,991
Property Taxes On Proposed Revenue	\$	11,123		
Property Taxes On Adjusted Test Year Revenue		7,565		
Proposed Revenue Increase For Income Taxes			\$	3,559
Total Proposed Increase In Revenue	\$		\$	198,169

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule C-2c
Title: Income Statement Proforma
Adjustments

Description	Test Year	Proposed Rates
Adjusted 2008 Test Year Revenue	\$ 140,411	\$ 140,411
Weight Factor	2	2
Subtotal	\$ 280,822	\$ 280,822
Adjusted 2008 Test Year Revenue	140,411	
Recommended Revenue		338,580
Subtotal	\$ 421,233	\$ 619,402
Number of Years	3	3
Three Year Revenue Average	\$ 140,411	\$ 206,467
AZ Department of Revenue Multiplier	2	2
Revenue Base Value	\$ 280,822	\$ 412,935
Less: Net Book Value of Licensed Vehicles	-	-
Full Cash Value	\$ 280,822	\$ 412,935
Assessment Ratio	23.00%	23.00%
Assessed Value	\$ 64,589	\$ 94,975
Composite Property Tax Rate	11.71%	11.71%
Adjusted Test Year Property Tax Per Formula	\$ 7,565	
Actual Test Year Property Tax Expense	\$ 7,632	
Adjustment N to Test Year Property Tax Expense	\$ (67)	
Projected Property Tax Expense		\$ 11,123
Adjusted Test Year Property Tax Per Formula		7,565
Adjustment N to Property Tax Expense at Proposed Rates	\$	3,559

Gross Revenue Conversion Factor Calculation:

Property Tax Increase	\$ 3,559
Revenue Requirement Increase	198,169
Percent Increase in Property Tax per Dollar Revenue Increase	1.7958%

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule C-3
Title: Computation of Gross Revenue
Conversion Factor

Explanation:
Schedule showing incremental taxes on gross revenues and
the development of a gross revenue conversion factor.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

Description	Calculation
Revenue	1.0000
Combined Federal And State Tax Rate and Property Tax Rate	(0.2803)
Subtotal	0.7197
Gross Revenue Conversion Factor = 1/Operating Income %	1.3895

CALCULATION OF COMBINED FEDERAL AND STATE TAX RATE:

Operating Income Before Taxes (Arizona Taxable Income)	100.0000%
Arizona State Income Tax Rate	6.9680%
Federal Taxable Income	93.0320%
Federal Income Tax Rate	19.2680%
Effective Federal Income Tax Rate	17.9254%
Combined Federal And State Income Tax Rates	26.2360%

CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:

Operating Income Before Taxes	100.0000%
Combined Federal And State Income Tax Rates from above	-26.2360%
One Minus Combined Income Tax Rate	73.7640%
Property Tax Factor from Schedule C-2c	1.7958%
Effective Property Tax Factor	1.3247%
Combined Federal And State Tax Rate and Property Tax Rate	28.0318%

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule D-1
Title: Summary Cost of Capital

Explanation:
Schedule showing elements of capital structure
and the related cost.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Invested Capital	End of Test Year				End of Projected Year			
	Amount	%	Cost Rate (e)	Composite Cost %	Amount	%	Cost Rate (e)	Composite Cost %
Long-Term Debt (a)	\$ -				\$ 1,825,941	91.33%	5.00%	4.57%
Short-Term Debt (a)	494,622	74.11%	2.19%	1.62%	-			
Common Equity (c)	172,813	25.89%	10.00%	2.59%	173,443	8.67%	10.00%	0.87%
Total	\$ 667,435	100.00%		4.21%	\$ 1,999,384	100.00%		5.43%

Supporting Schedules:

- (a) D-2
- (b) D-3
- (c) D-4
- (d) E-1

Recap Schedules:

- (e) A-3

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-1
Title: Comparative Balance
Sheet

Explanation:
Schedule showing comparative balance sheets at the end of the
test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

	Test Year At 31-Dec-08	Prior Year 31-Dec-07	Prior Year 31-Dec-06
ASSETS			
Property, Plant & Equipment: (a)			
101 Utility Plant In Service	\$ 780,091	\$ 488,115	\$ 489,724
103 Property Held for Future Use	302,295	-	-
105 Construction Work in Process	-	107,099	15,801
108 Accumulated Depreciation	(398,206)	(406,619)	(400,227)
Total Property Plant & Equipment	\$ 684,180	\$ 188,595	\$ 105,298
Current Assts:			
131 Cash	\$ 18,205	\$ 15,824	\$ 15,148
135 Temporary Cash Investments	198	6,116	7,054
141 Customer Accounts Receivable	10,854	10,780	11,374
146 Notes/Receivables from Associated Companies	-	82,922	78,212
151 Plant Material and Supplies	-	2,961	4,087
162 Prepayments	249	74	92
174 Miscellaneous Current and Accrued Assets	12,757	13,567	11,883
Total Current Assets	\$ 42,263	\$ 132,244	\$ 127,850
TOTAL ASSETS	\$ 726,443	\$ 320,839	\$ 233,148
LIABILITIES and CAPITAL			
Capitalization: (b)			
201 Common Stock Issued	\$ 6,000	\$ 6,000	\$ 6,000
211 Paid in Capital in Excess of Par Value	190,153	135,692	135,692
215 Retained Earnings	(23,340)	41,230	(46,727)
Total Capital	\$ 172,813	\$ 182,922	\$ 94,965
Current Liabilities:			
231 Accounts Payable	\$ 9,070	\$ 3,484	\$ 3,329
232 Notes Payable (Current Portion)	494,622	85,000	85,000
235 Customer Deposits	18,051	1,475	1,313
236 Accrued Taxes	4,508	5,910	5,438
241 Miscellaneous Current and Accrued Liabilities	514	18,853	19,427
Total Current Liabilities	\$ 526,765	\$ 114,722	\$ 114,507
224 Long-Term Debt (Over 12 Months)	\$ -	\$ -	\$ -
Deferred Credits:			
252 Advances In Aid Of Construction	\$ 3,182	\$ 3,182	\$ 3,249
271 Contributions In Aid Of Construction	105,798	105,798	105,798
272 Less: Amortization of Contributions	(99,602)	(99,000)	(98,398)
281 Accumulated Deferred Income Tax	17,487	13,215	13,027
Total Deferred Credits	\$ 26,865	\$ 23,195	\$ 23,676
Total Liabilities	\$ 553,630	\$ 137,917	\$ 138,183
TOTAL LIABILITIES and CAPITAL	\$ 726,443	\$ 320,839	\$ 233,148

Supporting Schedules:
(a) E-5

Recap Schedules:
(b) A-3

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-2
Title: Comparative Income
Statements

Explanation:

Schedule showing comparative income statements for the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Speci Reqmt

X

	Test Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07	Prior Year Ended 31-Dec-06
Revenues: (a)			
461 Metered Water Revenue	\$ 135,713	\$ 137,790	\$ 138,042
474 Other Water Revenue	4,953	5,670	5,727
Total Revenues	\$ 140,666	\$ 143,460	\$ 143,769
Operating Expenses (a)			
601 Salaries & Wages	\$ -	\$ -	\$ -
610 Purchased Water	-	-	-
615 Purchased Power	28,895	29,467	26,715
618 Chemicals	-	-	-
620 Repairs and Maintenance	25,903	32,026	25,511
621 Office Supplies and Expense	13,079	14,962	6,617
630 Outside Services	60,194	48,250	40,910
635 Water Testing	6,087	3,092	5,339
641 Rents	-	-	-
650 Transportation Expense	2,308	-	-
657 Insurance - General liability	1,204	432	507
659 Insurance - Health and Life	-	-	-
666 Regulatory Commission Expense - Rate Case	-	-	-
675 Miscellaneous Expense	2,717	2,741	5,159
403 Depreciation Expense	15,153	8,184	12,525
408 Taxes Other Than Income	-	65	-
408 Property Taxes	7,632	9,456	7,607
409 Income Tax	4,358	722	(3,386)
Total Operating Expenses	\$ 167,530	\$ 149,397	\$ 127,504
OPERATING INCOME/(LOSS)	\$ (26,864)	\$ (5,937)	\$ 16,265
Other Income/(Expense)			
419 Interest and Dividend Income	\$ 2,285	\$ 3,332	\$ 3,206
421 Non-Utility Income	12,685	-	-
426 Miscellaneous Non-Utility Expense	(30,677)	-	-
427 Interest Expense	(65)	(165)	(67)
Total Other Income/(Expense)	\$ (15,772)	\$ 3,167	\$ 3,139
NET INCOME/(LOSS)	\$ (42,636)	\$ (2,770)	\$ 19,404

Supporting Schedules:
(a) E-6

Recap Schedules:
A-2

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-5
Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Account Number	Description	End of Prior Year at 31-Dec-07	Net Additions	End of Test Year at 31-Dec-08
302	Franchises	\$ -	\$ -	\$ -
303	Land & Land Rights	1,070	-	1,070
304	Structures & Improvements	21,549	(17,161)	4,388
307	Wells & Springs	30,144	-	30,144
311	Pumping Equipment	70,567	5,107	75,674
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	-	-	-
320.2	Solution Chemical Feeders	-	4,732	4,732
330	Distribution Reservoirs & Standpipes	48,806	(48,806)	-
330.1	Storage Tanks	-	375,930	375,930
330.2	Pressure Tanks	-	-	-
331	Transmission & Distribution Mains	209,091	-	209,091
333	Services	41,070	-	41,070
334	Meters & Meter Installations	61,474	3,379	64,853
335	Hydrants	-	-	-
339	Other Plant and Misc Equipment	-	-	-
340	Office Furniture & Equipment	2,494	(2,494)	-
340.1	Computers and Software	-	-	-
341	Transportation Equipment	1,850	(1,850)	-
343	Tools, Shop, and Garage Equipment	-	-	-
345	Power Operated Equipment	-	-	-
348	Other Tangible Plant	-	-	-
Total Plant In Service		\$ 488,115	\$ 318,837	\$ 806,952
108	Accumulated Depreciation	406,619	(26,773)	379,845
	Net Plant In Service	<u>\$ 81,496</u>	<u>\$ 345,610</u>	<u>\$ 427,107</u>
103	Property Held for Future Use	\$ -	\$ 257,703	\$ 257,703
105	Construction Work in Process	107,099	(107,099)	-
Total Net Plant		\$ 188,595	\$ 496,214	\$ 684,810

Supporting Schedules:

Recap Schedules:
E-1 A-4

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-7
Title: Operating Statistics

Explanation:

Schedule showing key operating statistics in comparative format,
for the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

	Test Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07	Prior Year Ended 31-Dec-06
Water Statistics:			
Gallons Sold - By Class of Service:			
Residential	42,765,500	45,823,919	46,376,510
Commercial	2,972,500	3,185,081	3,223,490
Average Number of Customers - By Class of Service:			
Residential	584	566	562
Commercial	41	39	39
Average Annual Gallons Per Residential Customer	73,229	80,961	82,520
Average Annual Revenue Per Residential Customer	\$ 217.39	\$ 227.68	\$ 229.75
Pumping Cost Per 1,000 Gallons	\$ 0.6318	\$ 0.6013	\$ 0.5386

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-8
Title: Taxes Charged to
Operations

Explanation: Schedule showing all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the test year.	Required for: All Utilities	<input checked="checked" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Speci Reqmt	<input type="checkbox"/>

Description	Test Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07	Prior Year Ended 31-Dec-06
Federal Taxes:			
Income	\$ 4,308	\$ 672	\$ (3,436)
Payroll	-	-	-
Total Federal Taxes	\$ 4,308	\$ 672	\$ (3,436)
State Taxes:			
Income	\$ 50	\$ 50	\$ 50
Payroll	-	-	-
Total State Taxes	\$ 50	\$ 50	\$ 50
Local Taxes:			
Property	\$ 7,632	\$ 9,456	\$ 7,607
Total Taxes	\$ 11,990	\$ 10,178	\$ 4,221

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules:

Recap Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule E-9
Title: Notes to Financial
Statements

Explanation:

Disclosure of important facts pertaining to the understanding
of the financial statements.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Speci Reqmt	<input type="checkbox"/>

Disclosures should include, but not be limited to the following:

1 Accounting Method.

The books of Southland are kept as accrual based, and also follow NARUC rules, including the USoA.

2 Depreciation lives and methods employed by major classification of utility property.

For years up to and including the test year 2008, depreciation rates as authorized in Decision 61335 were 5% for all plant asset categories. Proposed depreciation rates are depicted on the plant schedule as part of the financing application. These rates were taken from ACC Engineering Staff Memo regarding their recommended rates for depreciation dated April 21, 2000, and revised March 1, 2001.

3 Income tax treatment - normalization or flow through.

Depreciation is normalized for ratemaking purposes, but not income tax purposes.

4 Interest rate used to charge interest during construction, if applicable.

Not Applicable.

Supporting Schedules:

Recap Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule F-1
Title: Projected Income Statements -
Present and Proposed Rates

Explanation:
 Schedule showing an income statement for the projected year,
 compared with actual test year results, at present and proposed
 rates.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

	<u>Projected Year</u>		
	<u>Actual</u>	<u>At Present</u>	<u>At Proposed</u>
	<u>Test Year</u> <u>Ended (a)</u> <u>31-Dec-08</u>	<u>Rates</u> <u>Year Ended (b)</u> <u>31-Dec-09</u>	<u>Rates</u> <u>Year Ended (b)</u> <u>31-Dec-09</u>
Operating Revenues:			
461 Metered Water Revenue	\$ 135,713	\$ 135,713	\$ 333,882
474 Other Water Revenue	4,953	4,698	4,698
Total Operating Revenue	\$ 140,666	\$ 140,411	\$ 338,580
Operating Expenses:			
601 Salaries & Wages	\$ -	\$ -	\$ -
610 Purchased Water	-	-	-
615 Purchased Power	28,895	30,416	30,416
618 Chemicals	-	-	-
620 Repairs & Maintenance	25,903	25,903	25,903
621 Office Supplies and Expense	13,079	10,279	10,279
630 Outside Services	60,194	111,555	111,555
635 Water Testing	6,087	6,087	6,087
641 Rental Expense	-	-	-
650 Transportation Expense	2,308	2,308	2,308
657 Insurance - General Liability	1,204	1,204	1,204
659 Insurance - Health and Life	-	-	-
666 Rate Case Expense	-	8,333	8,333
675 Miscellaneous Expense	2,717	2,717	2,717
403 Depreciation & Amortization	15,153	30,612	30,612
408 Property Taxes	7,632	7,565	11,123
408.1 Taxes Other Than Income	-	-	-
409 Income Taxes	4,358	(32,790)	19,202
Total Operating Expenses	\$ 167,530	\$ 204,190	\$ 259,740
OPERATING INCOME/(LOSS)	\$ (26,864)	\$ (63,779)	\$ 78,840
Other Income/(Expense):			
419 Interest Income	\$ 2,285	\$ -	\$ -
421 Non-Utility Income	12,685	-	-
426 Miscellaneous Non-Utility Expenses	(30,677)	-	-
427 Interest Expense	(65)	(40,475)	(40,475)
Total Other Income/(Expense)	\$ (15,772)	\$ (40,475)	\$ (40,475)
NET INCOME/(LOSS)	\$ (42,636)	\$ (104,254)	\$ 38,365
 Earnings per share of average Common Stock Outstanding	 \$ (106.59)	 \$ (260.63)	 \$ 95.91
% Return on Common Equity	-0.062%	-0.151%	0.056%

Supporting Schedules:
 (a) E-2

Recap Schedules:
 (b) A-2

Southland Utilities Company, Inc.
 Test Year Ended December 31, 2008

Rebuttal Schedule F-3
Title: Projected Construction
Requirements

Explanation: Schedule showing projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year compared with the test year.	Required for:	All Utilities	<input checked="checked" type="checkbox"/>
		Class A	<input type="checkbox"/>
		Class B	<input type="checkbox"/>
		Class C	<input type="checkbox"/>
		Class D	<input type="checkbox"/>
		Spec'l Reqmt	<input type="checkbox"/>

Property Classification	Actual Test Year Ended 12/31/2008	End of Projected Year 1
Production Plant	\$ 110,550	\$ 181,743
Transmission Plant	585,021	2,102,850
Other Plant	111,381	111,381
Total Plant	\$ 806,952	\$ 2,395,974

NOTE: For combination utilities, the above should be presented by department.

Supporting Schedules:

Recap Schedules:
 (a) F-2 & A-4

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule F-4
Title: Assumptions Used in
Developing Projections

Explanation:
Documentation of important assumptions used in preparing
forecasts and projections

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Important assumptions used in preparing projections should be explained.

Areas covered should include:

1 Customer growth

The company has experienced modest growth in the past few years, but does anticipate that will change.

2 Growth in consumption and customer demand

Customer demand and consumption has actually been *decreasing*.

3 Changes in expenses

The company believes the test year 2008, with the limited proforma adjustments included in this application, accurately depict expense levels going forward.

4 Construction requirements including production reserves and changes in plant capacity

Proceeds of the WIFA loan will be used to install a 350 KW generator, replace substantially all the system distribution mains, install new boosters at tank 3, bring tank 3 on-line, and installation of fire hydrants throughout the system.

5 Capital structure changes

As a result of the installation of Tank 2 and preparations for installation of Tank 3, short term debt and equity increased. Long-term debt will increase if the WIFA loan is approved.

6 Financing costs, interest rates

Currently, the Company has a short term loan in the amount of \$494,622 with Tucson/Sierra Properties, LLC at a 2.19% interest rate that was used to install in the storage tank during the Test Year. Southland is seeking to borrow this amount, plus an additional \$1,331,319 from WIFA, for the construction described above in item 4.

Supporting Schedules:

Recap Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule H-1
Title: Summary of Revenues by Customer
Classification - Present and Proposed Rates

Explanation:
Schedule comparing revenues by customer classification for
the Test Year, at present and proposed rates.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Customer Classification	Revenues in the Test Year (a)		Proposed Increase (b)	
	Present Rates	Proposed Rates	Amount	%
Residential				
5/8 by 3/4-inch	\$ 122,572	\$ 293,373	\$ 170,801	139.35%
3-inch	3,033	11,253	8,220	270.99%
Total Residential	\$ 125,605	\$ 304,626	\$ 179,021	142.53%
Commercial				
5/8 by 3/4-inch	\$ 7,729	\$ 19,792	\$ 12,063	156.07%
2-inch	1,161	4,456	3,295	283.90%
4-inch	1,218	5,008	3,790	311.04%
Total Commercial	\$ 10,108	\$ 29,256	\$ 19,148	189.43%
Total Metered Revenue	\$ 135,713	\$ 333,882	\$ 198,169	146.02%
Other Revenue	\$ 4,698	4,698	-	0.00%
Total Revenues	\$ 140,411	\$ 338,580	\$ 198,169	141.13%

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) H-2

Recap Schedules:
(b) A-1

Explanation:
Schedule comparing present rate schedules with proposed
rate schedule.

(Rates apply to both residential and commercial usage)

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Description	Present Rate	Proposed Rate	% change
MONTHLY USAGE CHARGE			
5/8" x 3/4" Meter	\$ 10.00	\$ 21.50	115%
3/4" Meter	11.00	25.00	127%
1" Meter	15.00	50.00	233%
1-1/2" Meter	20.00	75.00	275%
2" Meter	23.00	96.75	321%
3" Meter	49.00	258.00	427%
4" Meter	70.00	322.50	361%
6" Meter	100.00	500.00	400%
Gallons included in minimum	-	-	0.00%

Commodity Charge (per 1,000 gallons in excess of monthly minimum)

Description	Present Rate	Proposed Rate
All gallons for all meter sizes	\$ 1.33	
<u>5/8 x 3/4 - inch meter</u>		
1 - 4,000 Gallons		\$ 2.60
4,001 to 12,000 Gallons		4.00
Over 12,000 Gallons		6.04
<u>3/4 - inch meter</u>		
1 - 4,000 Gallons		\$ 2.60
4,001 to 12,000 Gallons		4.00
Over 12,000 Gallons		6.04
<u>One - inch meter</u>		
1 to 30,000 Gallons		\$ 4.00
Over 30,000 Gallons		6.04
<u>One and one half - inch meter</u>		
1 to 60,000 Gallons		\$ 4.00
Over 60,000 Gallons		6.04
<u>Two - inch meter</u>		
1 to 90,000 Gallons		\$ 4.00
Over 90,000 Gallons		6.04
<u>Three - inch meter</u>		
1 to 125,000 Gallons		\$ 4.00
Over 125,000 Gallons		6.04
<u>Four - inch meter</u>		
1 to 200,000 Gallons		\$ 4.00
Over 200,000 Gallons		6.04
<u>Six - inch meter</u>		
1 to 400,000 Gallons		\$ 4.00
Over 400,000 Gallons		6.04

Description	Present Rate	Proposed Rate	% change
SERVICE CHARGES			
Establishment	\$ 25.00	\$ 30.00	20.00%
Establishment (After Hours)	30.00	40.00	33.33%
Reconnection (Delinquent)	25.00	40.00	60.00%
Reconnection (Delinquent-after hours)	-	50.00	100.00%
Meter Test (If Correct)	30.00	35.00	16.67%
Deposit	Note a	*	
Deposit Interest	Note a	*	
Reestablishment (Within 12 Months)	Note b	**	
NSF Check	\$ 15.00	\$ 25.00	67%
Deferred Payment	Note c	1.50%	
Meter Reread (If Correct)	\$ 15.00	\$ 20.00	33%
Late Payment Penalty	Note d	1.50%	

**MONTHLY SERVICE CHARGE
FOR FIRE SPRINKLER:**

N/A ***

SERVICE LINE AND METER INSTALLATION CHARGES

Refundable Pursuant to AAC R14-2-405

Description	Present Rate	Proposed Rates			% change
		Service Line	Meter Charge	Total Charge	
5/8" x 3/4" Meter	\$ 225.00	\$ 445.00	\$ 155.00	\$ 600.00	167%
3/4" Meter	300.00	445.00	255.00	700.00	133%
1" Meter	350.00	495.00	315.00	810.00	131%
1-1/2" Meter	500.00	550.00	525.00	1,075.00	115%
2" Meter - Turbine	625.00	830.00	1,045.00	1,875.00	200%
2" Meter - Compound	N/A	830.00	1,890.00	2,720.00	100%
3" Meter - Turbine	900.00	1,045.00	1,670.00	2,715.00	202%
3" Meter - Compound	N/A	1,165.00	2,545.00	3,710.00	100%
4" Meter - Turbine	1,450.00	1,490.00	2,670.00	4,160.00	187%
4" Meter - Compound	N/A	1,670.00	3,645.00	5,315.00	100%
6" Meter - Turbine	3,000.00	2,210.00	5,025.00	7,235.00	141%
6" Meter - Compound	N/A	2,330.00	6,920.00	9,250.00	100%

Note a - Deposits Per Commission Rules R14-2-403(B)(7)(a), (b) and (c); Interest Per Commission Rules R14-2-403(B)(3).

Note b - Service Establishments re-establishments or reconnection charges per Commission Rule R14-2-403(D).

Note c - Deferred Payments Per Commission Rules R14-2-409(G), with finance charge of 1.5 percent per month on the unpaid balance, Per R14-2-409(G)(6).

Note d - Late payment Penalty of 1.5 percent of the unpaid balance.

* Per Commission Rules R14-2-403.B.

** Month off the system times the monthly minimum per R14-2-403.D.

*** 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Supporting Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule H-4
Title: Typical Bill Analysis
Page 1 of 4

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

5/8" x 3/4" meter - residential and commercial

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	10.00 \$	21.50	115.00%
1,000	11.33	24.10	112.71%
2,000	12.66	26.70	110.90%
3,000	13.99	29.30	109.44%
4,000	15.32	31.90	108.22%
5,000	16.65	35.90	115.62%
6,000	17.98	39.90	121.91%
7,000	19.31	43.90	127.34%
8,000	20.64	47.90	132.07%
9,000	21.97	51.90	136.23%
10,000	23.30	55.90	139.91%
15,000	29.95	82.02	173.86%
20,000	36.60	112.22	206.61%
25,000	43.25	142.42	229.29%
50,000	76.50	293.42	283.56%
75,000	109.75	444.42	304.94%
100,000	143.00	595.42	316.38%
125,000	176.25	746.42	323.50%
150,000	209.50	897.42	328.36%
175,000	242.75	1,048.42	331.89%
200,000	276.00	1,199.42	334.57%

Supporting Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule H-4
Title: Typical Bill Analysis
Page 2 of 4

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec Reqmt	<input type="checkbox"/>

2 inch meter - commercial

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	23.00 \$	96.75	320.65%
1,000	24.33	100.75	314.10%
2,000	25.66	104.75	308.22%
3,000	26.99	108.75	302.93%
4,000	28.32	112.75	298.13%
5,000	29.65	116.75	293.76%
6,000	30.98	120.75	289.77%
7,000	32.31	124.75	286.10%
8,000	33.64	128.75	282.73%
9,000	34.97	132.75	279.61%
10,000	36.30	136.75	276.72%
15,000	42.95	156.75	264.96%
20,000	49.60	176.75	256.35%
25,000	56.25	196.75	249.78%
50,000	89.50	296.75	231.56%
75,000	122.75	396.75	223.22%
100,000	156.00	517.15	231.51%
125,000	189.25	668.15	253.05%
150,000	222.50	819.15	268.16%
175,000	255.75	970.15	279.34%
200,000	289.00	1,121.15	287.94%

Supporting Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule H-4
Title: Typical Bill Analysis
Page 3 of 4

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Required for: All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

3 inch meter - residential

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	49.00 \$	258.00	426.53%
1,000	50.33	262.00	420.56%
2,000	51.66	266.00	414.91%
3,000	52.99	270.00	409.53%
4,000	54.32	274.00	404.42%
5,000	55.65	278.00	399.55%
6,000	56.98	282.00	394.91%
7,000	58.31	286.00	390.48%
8,000	59.64	290.00	386.25%
9,000	60.97	294.00	382.20%
10,000	62.30	298.00	378.33%
15,000	68.95	318.00	361.20%
20,000	75.60	338.00	347.09%
25,000	82.25	358.00	335.26%
50,000	115.50	458.00	296.54%
75,000	148.75	558.00	275.13%
100,000	182.00	658.00	261.54%
125,000	215.25	758.00	252.15%
150,000	248.50	909.00	265.79%
175,000	281.75	1,060.00	276.22%
200,000	315.00	1,211.00	284.44%

Supporting Schedules:

Southland Utilities Company, Inc.
Test Year Ended December 31, 2008

Rebuttal Schedule H-4
Title: Typical Bill Analysis
Page 4 of 4

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

4 inch meter - commercial

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	70.00 \$	322.50	360.71%
1,000	71.33	326.50	357.73%
2,000	72.66	330.50	354.86%
3,000	73.99	334.50	352.09%
4,000	75.32	338.50	349.42%
5,000	76.65	342.50	346.84%
6,000	77.98	346.50	344.34%
7,000	79.31	350.50	341.94%
8,000	80.64	354.50	339.61%
9,000	81.97	358.50	337.36%
10,000	83.30	362.50	335.17%
15,000	89.95	382.50	325.24%
20,000	96.60	402.50	316.67%
25,000	103.25	422.50	309.20%
50,000	136.50	522.50	282.78%
75,000	169.75	622.50	266.72%
100,000	203.00	722.50	255.91%
125,000	236.25	822.50	248.15%
150,000	269.50	922.50	242.30%
175,000	302.75	1,022.50	237.74%
200,000	336.00	1,122.50	234.08%

Supporting Schedules:

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

5/8 x 3/4 inch meter - residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	131	-	131	1.92%	-	0.00%
1,000	521	521,000	652	9.55%	521,000	1.19%
2,000	819	1,638,000	1,471	21.55%	2,159,000	4.93%
3,000	927	2,781,000	2,398	35.13%	4,940,000	11.29%
4,000	829	3,316,000	3,227	47.28%	8,256,000	18.86%
5,000	727	3,635,000	3,954	57.93%	11,891,000	27.17%
6,000	573	3,438,000	4,527	66.32%	15,329,000	35.02%
7,000	473	3,311,000	5,000	73.25%	18,640,000	42.59%
8,000	332	2,656,000	5,332	78.11%	21,296,000	48.66%
9,000	293	2,637,000	5,625	82.41%	23,933,000	54.68%
10,000	211	2,110,000	5,836	85.50%	26,043,000	59.50%
10,001 to 12,000	292	3,212,000	6,128	89.77%	29,255,000	66.84%
12,001 to 14,000	174	2,262,000	6,302	92.32%	31,517,000	72.01%
14,001 to 16,000	133	1,995,000	6,435	94.27%	33,512,000	76.57%
16,001 to 18,000	93	1,581,000	6,528	95.63%	35,093,000	80.18%
18,001 to 20,000	61	1,159,000	6,589	96.53%	36,252,000	82.83%
20,001 to 25,000	106	2,385,000	6,695	98.08%	38,637,000	88.28%
25,001 to 30,000	50	1,375,000	6,745	98.81%	40,012,000	91.42%
30,001 to 35,000	31	1,007,500	6,776	99.27%	41,019,500	93.72%
35,001 to 40,000	10	375,000	6,786	99.41%	41,394,500	94.58%
40,001 to 50,000	17	765,000	6,803	99.66%	42,159,500	96.32%
50,001 to 60,000	7	385,000	6,810	99.77%	42,544,500	97.20%
60,001 to 70,000	6	390,000	6,816	99.85%	42,934,500	98.09%
70,001 to 80,000	5	375,000	6,821	99.93%	43,309,500	98.95%
80,001 to 90,000	4	340,000	6,825	99.99%	43,649,500	99.73%
90,001 to 100,000	-	-	6,825	99.99%	43,649,500	99.73%
119,100	1	119,100	6,826	100.00%	43,768,600	100.00%
	6,826	43,768,600				

Average Number of Customers 569

Average Consumption 6,412

Median Consumption 4,256

Supporting Schedules:

Recap Schedules:

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

5/8 x 3/4 inch meter - commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	9	-	9	2.00%	-	0.00%
1,000	202	202,000	211	46.78%	202,000	7.76%
2,000	61	122,000	272	60.31%	324,000	12.44%
3,000	22	66,000	294	65.19%	390,000	14.98%
4,000	23	92,000	317	70.29%	482,000	18.51%
5,000	10	50,000	327	72.51%	532,000	20.43%
6,000	14	84,000	341	75.61%	616,000	23.66%
7,000	4	28,000	345	76.50%	644,000	24.73%
8,000	8	64,000	353	78.27%	708,000	27.19%
9,000	12	108,000	365	80.93%	816,000	31.34%
10,000	11	110,000	376	83.37%	926,000	35.56%
10,001 to 12,000	19	209,000	395	87.58%	1,135,000	43.59%
12,001 to 14,000	5	65,000	400	88.69%	1,200,000	46.08%
14,001 to 16,000	3	45,000	403	89.36%	1,245,000	47.81%
16,001 to 18,000	5	85,000	408	90.47%	1,330,000	51.08%
18,001 to 20,000	1	19,000	409	90.69%	1,349,000	51.80%
20,001 to 25,000	17	382,500	426	94.46%	1,731,500	66.49%
25,001 to 30,000	10	275,000	436	96.67%	2,006,500	77.05%
30,001 to 35,000	6	195,000	442	98.00%	2,201,500	84.54%
35,001 to 40,000	3	112,500	445	98.67%	2,314,000	88.86%
40,001 to 50,000	5	225,000	450	99.78%	2,539,000	97.50%
50,001 to 60,000	-	-	450	99.78%	2,539,000	97.50%
60,001 to 70,000	1	65,000	451	100.00%	2,604,000	100.00%
70,001 to 80,000	-	-	451	100.00%	2,604,000	100.00%
80,001 to 90,000	-	-	451	100.00%	2,604,000	100.00%
90,001 to 100,000	-	-	451	100.00%	2,604,000	100.00%
Over 100,000	-	-	451	100.00%	2,604,000	100.00%
	451	2,604,000				

Average Number of Customers 38

Average Consumption 5,774

Median Consumption 1,238

Supporting Schedules:

Recap Schedules:

Required for: All Utilities

X

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Class A

Class B

Class C

Class D

Specd Reqmt

2 inch meter - commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	1	-	1	2.86%	-	0.00%
1,000	3	3,000	4	11.43%	3,000	1.07%
2,000	2	4,000	6	17.14%	7,000	2.50%
3,000	1	3,000	7	20.00%	10,000	3.58%
4,000	1	4,000	8	22.86%	14,000	5.01%
5,000	6	30,000	14	40.00%	44,000	15.74%
6,000	2	12,000	16	45.71%	56,000	20.04%
7,000	3	21,000	19	54.29%	77,000	27.55%
8,000	5	40,000	24	68.57%	117,000	41.86%
9,000	-	-	24	68.57%	117,000	41.86%
10,000	1	10,000	25	71.43%	127,000	45.44%
10,001 to 12,000	5	55,000	30	85.71%	182,000	65.12%
12,001 to 14,000	2	26,000	32	91.43%	208,000	74.42%
14,001 to 16,000	1	15,000	33	94.29%	223,000	79.79%
16,001 to 18,000	-	-	33	94.29%	223,000	79.79%
18,001 to 20,000	1	19,000	34	97.14%	242,000	86.58%
20,001 to 25,000	-	-	34	97.14%	242,000	86.58%
25,001 to 30,000	-	-	34	97.14%	242,000	86.58%
30,001 to 35,000	-	-	34	97.14%	242,000	86.58%
35,001 to 40,000	1	37,500	35	100.00%	279,500	100.00%
40,001 to 50,000	-	-	35	100.00%	279,500	100.00%
50,001 to 60,000	-	-	35	100.00%	279,500	100.00%
60,001 to 70,000	-	-	35	100.00%	279,500	100.00%
70,001 to 80,000	-	-	35	100.00%	279,500	100.00%
80,001 to 90,000	-	-	35	100.00%	279,500	100.00%
90,001 to 100,000	-	-	35	100.00%	279,500	100.00%
Over 100,000	-	-	35	100.00%	279,500	100.00%
	35	279,500				

Average Number of Customers 3
Average Consumption 7,986
Median Consumption 6,500

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

3 inch meter - residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	-	-	-	0.00%	-	0.00%
1,000	-	-	-	0.00%	-	0.00%
2,000	-	-	-	0.00%	-	0.00%
3,000	-	-	-	0.00%	-	0.00%
4,000	-	-	-	0.00%	-	0.00%
5,000	-	-	-	0.00%	-	0.00%
6,000	-	-	-	0.00%	-	0.00%
7,000	-	-	-	0.00%	-	0.00%
8,000	-	-	-	0.00%	-	0.00%
9,000	-	-	-	0.00%	-	0.00%
10,000	-	-	-	0.00%	-	0.00%
10,001 to 12,000	-	-	-	0.00%	-	0.00%
12,001 to 14,000	-	-	-	0.00%	-	0.00%
14,001 to 16,000	-	-	-	0.00%	-	0.00%
16,001 to 18,000	-	-	-	0.00%	-	0.00%
18,001 to 20,000	-	-	-	0.00%	-	0.00%
20,001 to 25,000	-	-	-	0.00%	-	0.00%
25,001 to 30,000	-	-	-	0.00%	-	0.00%
30,001 to 35,000	-	-	-	0.00%	-	0.00%
35,001 to 40,000	-	-	-	0.00%	-	0.00%
40,001 to 50,000	-	-	-	0.00%	-	0.00%
50,001 to 60,000	-	-	-	0.00%	-	0.00%
60,001 to 70,000	-	-	-	0.00%	-	0.00%
70,001 to 80,000	1	75,000	1	8.33%	75,000	4.08%
80,001 to 90,000	-	-	1	8.33%	75,000	4.08%
90,001 to 100,000	-	-	1	8.33%	75,000	4.08%
119,200	1	119,200	2	16.67%	194,200	10.56%
131,500	1	131,500	3	25.00%	325,700	17.72%
134,400	1	134,400	4	33.33%	460,100	25.03%
138,200	1	138,200	5	41.67%	598,300	32.54%
141,300	1	141,300	6	50.00%	739,600	40.23%
146,700	1	146,700	7	58.33%	886,300	48.21%
153,900	1	153,900	8	66.67%	1,040,200	56.58%
166,500	1	166,500	9	75.00%	1,206,700	65.64%
192,500	1	192,500	10	83.33%	1,399,200	76.11%
197,800	1	197,800	11	91.67%	1,597,000	86.86%
241,500	1	241,500	12	100.00%	1,838,500	100.00%
		12	1,838,500			

Average Number of Customers 1
Average Consumption 153,208
Median Consumption 144,000

Supporting Schedules:

Recap Schedules:

Required for: All Utilities

☒

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Class A

Class B

Class C

Class D

Specd Reqmt

4 inch meter - commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	-	-	-	0.00%	-	0.00%
1,000	-	-	-	0.00%	-	0.00%
2,000	-	-	-	0.00%	-	0.00%
3,000	-	-	-	0.00%	-	0.00%
4,000	-	-	-	0.00%	-	0.00%
5,000	-	-	-	0.00%	-	0.00%
6,000	-	-	-	0.00%	-	0.00%
7,000	-	-	-	0.00%	-	0.00%
8,000	-	-	-	0.00%	-	0.00%
9,000	1	9,000	1	8.33%	9,000	3.16%
10,000	-	-	1	8.33%	9,000	3.16%
10,001 to 12,000	-	-	1	8.33%	9,000	3.16%
12,001 to 14,000	1	13,000	2	16.67%	22,000	7.72%
14,001 to 16,000	1	15,000	3	25.00%	37,000	12.98%
16,001 to 18,000	-	-	3	25.00%	37,000	12.98%
18,001 to 20,000	2	38,000	5	41.67%	75,000	26.32%
20,001 to 25,000	5	112,500	10	83.33%	187,500	65.79%
25,001 to 30,000	-	-	10	83.33%	187,500	65.79%
30,001 to 35,000	1	32,500	11	91.67%	220,000	77.19%
35,001 to 40,000	-	-	11	91.67%	220,000	77.19%
40,001 to 50,000	-	-	11	91.67%	220,000	77.19%
50,001 to 60,000	-	-	11	91.67%	220,000	77.19%
60,001 to 70,000	1	65,000	12	100.00%	285,000	100.00%
70,001 to 80,000	-	-	12	100.00%	285,000	100.00%
80,001 to 90,000	-	-	12	100.00%	285,000	100.00%
90,001 to 100,000	-	-	12	100.00%	285,000	100.00%
Over 100,000	-	-	12	100.00%	285,000	100.00%
	12	285,000				

Average Number of Customers 1
Average Consumption 23,750
Median Consumption 21,000

Supporting Schedules:

Recap Schedules:

ATTACHMENT 2

ORIGINAL

NEW APPLICATION

RECEIVED

Southland Utilities Company, Inc.
P.O. Box 85160 Tucson, AZ 85754

2010 JUL 21 P 4:34


ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

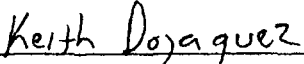
July 20, 2010

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007


W-02062A-10-0301

Attached is the application by Southland Utilities Company, Inc for approval of a cross-Connection Tariff. The purpose of this tariff is to protect Southland Utilities Company, Inc. water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises.


Signature


Print

Arizona Corporation Commission
DOCKETED
JUL 21 2010

DOCKETED BY 

CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE:

The purpose of this tariff is to protect _____ Southland Utilities Company
_____ ("Company") water from the possibility of
contamination caused by the backflow of contaminants that may be present on the
customer's premises by requiring the installation and periodic testing of backflow-
prevention assemblies pursuant to the provisions of the Arizona Administrative Code
("A.A.C.") R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS:

In compliance with the Rules of the Arizona Corporation Commission
("Commission") and the Arizona Department of Environmental Quality ("ADEQ"),
specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow
prevention:

1. The Company may require a customer to pay for and to have installed a
backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer
under Paragraph 1 of this tariff shall comply with the requirements set forth in
A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance
with Paragraphs 1 and 7 of this tariff, the Company may terminate service or
may deny service to a customer who fails to install a backflow-prevention
assembly as required by this tariff
4. The Company shall give any existing customer who is required to install a
backflow-prevention assembly written notice of said requirement. If A.A.C.
R14-2-410.B.1.a. is not applicable, the customer shall be given thirty (30)
days from the time such written notice is received in which to comply with
this notice. If the customer can show good cause as to why he cannot install
the backflow-prevention assembly within thirty (30) days, the Company or
Commission Staff may suspend this requirement for a reasonable period of
time.

****FOR OFFICIAL USE ONLY****

Effective Date: _____

Company Name: Southland Utilities Company Page 2 of 2

5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.
6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certificate number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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Effective Date: _____